

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1046 (Delegate Kerr)
Economic Matters

Alcoholic Beverages - Class MD License

This bill establishes a Class MD beer, wine, and liquor license in each local alcoholic beverages license jurisdiction in the State. The license authorizes the sale of beer, wine, and liquor manufactured in the State at retail for on-premises consumption during specified hours and days. The license may not be subject to, or included in, any license quotas. The annual license fee is \$200. **The bill takes effect July 1, 2020.**

Fiscal Summary

State Effect: The bill does not directly affect State operations or finances.

Local Effect: Local government revenues increase to the extent that a local jurisdiction chooses to issue the Class MD license established by the bill. Local expenditures may increase if enough licenses are issued to necessitate additional enforcement activities; however, any such impact is likely to be minimal.

Small Business Effect: Potential meaningful.

Analysis

Current Law/Background: Alcoholic beverages manufacturers (breweries, wineries, and distilleries) are currently licensed and regulated by the Comptroller's Office; however, these regulatory and licensing duties must transfer to the Alcohol and Tobacco Commission by July 1, 2020, pursuant to Chapter 12 of 2019. There are nine licenses that authorize the production of alcoholic beverages in the State: four for beer, two for wine, and three for liquor. Each license authorizes the production of different amounts of beer, wine, or liquor and grants the license holder various other privileges and responsibilities

related to, among other things, the sale and sampling of beer, wine, or liquor products on the licensed premises and the sale of food.

The State's 23 counties and the cities of Baltimore and Annapolis all have boards of license commissioners to issue retail alcoholic beverages licenses. Within each jurisdiction, the most common type of retail licenses are Class A, Class B, Class C, and Class D licenses. Each license authorizes the sale of alcoholic beverages in a different manner. Class A licenses are generally issued to liquor stores and allow off-premises consumption. Class B licenses are generally issued to restaurants and hotels but allow off-and on-premises consumption. Class C licenses are generally issued to clubs and nonprofit organizations and allow on-premises consumption. Class D licenses are generally issued to bars and taverns and allow off- and on-premises consumption.

While the general requirements and authorizations of the licenses tend to be similar, these licenses are subject to additional restrictions as determined by each jurisdiction. Local boards can also restrict the issuance of a particular license class within the jurisdiction.

Small Business Effect: A small business that is able to obtain a Class MD license in addition to its other alcoholic beverages license may be positively affected through increased sales. Additionally, the license's focus on State-based products may also positively affect small business alcoholic beverages manufactures.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Harford, Montgomery, and Queen Anne's counties; Department of Legislative Services

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mr/tso

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